

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2561 - SB 2409

January 31, 2012

SUMMARY OF BILL: Removes the requirement that monies of the state and local governmental entities be deposited in FDIC Insured Certificates of Deposits (CDs). Authorizes monies to be placed in money market accounts or other short term financial tools; however, still requires the selected depository to deposit the monies in federally insured banks or savings and loan associations.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- Current law allows local governments to place funds in multiple CDs through a local bank in order to gain full FDIC insurance coverage. The provisions of the current bill extend that authority to money market accounts that have full FDIC insurance coverage.
- Current law enables governmental entities to purchase CDs through the Certificate of Deposit Account Registry Service (CDARS).
- The State Treasurer does not use the CDARS system. Instead, short term funds are invested through the State Pooled Investment Fund (SPIF) pursuant to the investment policy approved by the State Funding Board.
- This new authorization will be used solely by local governments.
- Any permissive increase in local expenditures will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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